

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 OMB-01 SAJ-01 AID-05 CIAE-00 COME-00

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IO-13 CU-02 DODE-00 PM-04 H-02 L-03 NSC-05 PA-01

PRS-01 SS-15 /106 W

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FM AMEMBASSY WARSAW

TO SECSTATE WASHDC PRIORITY 5370

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMCONSUL MUNICH

C O N F I D E N T I A L WARSAW 8658

E.O. 11652: GDS

TAGS: PFOR PINT PL

SUBJ: FIFTH PZPR PLENUM AND SEJM SESSION, DECEMBER 2

REF: (A) WARSAW 8617, (B) MOSCOW 18885

1. SUMMARY. POLAND'S FIVE-YEAR PLAN AND THE PLAN FOR 1977 WERE PRESENTED AND APPROVED AT THE CONCLUDING SESSION OF THE PZPR FIFTH PLENUM AND GIVEN A FIRST READING AT THE SUBSEQUENT SEJM DELIBERATIONS ON DECEMBER 2. THE PRINCIPAL PURPOSE OF THE EXERCISE WAS TO PRESENT THE POLISH POPULATION WITH A PROGRAM FOR ECONOMIC RECOVERY WHICH EMPHASIZES THE INTERESTS OF SPECIFIC SOCIAL GROUPS IN PLACE OF THE SACRIFICES DEMANDED LAST JUNE, WHICH HAVE SINCE THEN OBSESSED THE POPULAR IMAGINATION. END
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SUMMARY.

2. TWO RESOLUTIONS WERE ADOPTED AT THE PLENUM. THE FIRST REGISTERED ACCEPTANCE OF THE ECONOMIC PLANS PRESENTED BY THE POLITBIURO. THE SECOND, LONGER, RESOLUTION APPROVED GIEREK'S REPORT ON THE PARTY-STATE VISIT TO THE SOVIET UNION AND THE RESULTS OF THE NOVEMBER 25-26 WARSAW PACT POLITICAL CONSULTATIVE COMMITTEE TALKS. (COMMENT: GIEREK REPORTED TO THE POLITBIURO ON THE PARTY-STATE VISIT TO THE USSR ON NOVEMBER 19. THE FIFTH PLENUM WAS CALLED TO DISCUSS THE FIVE-YEAR PLAN, THE ANNUAL PLAN FOR 1977, AND PERSONNEL CHANGES, NOT PRIMARILY TO HEAR A REPORT ON GIEREK'S SOVIET VISIT, AS SUGGESTED BY THE POLISH EMBASSY OFFICER IN REF B. END COMMENT). GIEREK DEVOTED HIS SECOND-DAY SPEECH TO THESE TOPICS, REPEATING THAT POLISH-SOVIET RELATIONS HAD REACHED A "NEW STAGE". HE SPECIFICALLY MENTIONED THE SOVIET UNION'S "VITAL ASSISTANCE" IN SOLVING POLAND'S PRESENT PROBLEMS. GIEREK SAID THE JAROSZEWICZ-KOSYGIN MEETING ON OCTOBER 22 WAS PARTICULARLY IMPORTANT IN SECURING SOVIET SUPPLIES OF GRAIN, RAW MATERIALS, MACHINES, AND INDUSTRIAL PRODUCTS. GIEREK'S PRONOUNCEMENTS ON CSCE, THE BERLIN COMMUNIST PARTY CONFERENCE, AND THE WARSAW PACT POLITICAL CONSULTATIVE COMMITTEE MEETING CLOSELY FOLLOWED SOVIET FORMULATIONS.

3. THE GOVERNMENT'S PRESENTATION TO THE SEJM OF THE SOCIO-ECONOMIC PLAN CONTAINED SPECIFIC APPEALS DESIGNED FOR APPREHENSIVE SOCIAL GROUPS. VICE MINISTER TADEUSZ PYKA ANNOUNCED THAT PRIVATE PRODUCERS OF MARKET GOODS AND SERVICES ARE TO RECEIVE UNPRECEDENTED INCENTIVES. SPEAKING DIRECTLY TO THE "HISTORICALLY FOUNDED FEARS OF ENTREPRENEURS," PYKA PROMISED THAT "IN ORDER TO INSURE A FEELING OF STABILITY AMONG CRAFTSMEN", SURTAXES ON WEALTH WOULD NO LONGER BE LEVIED. THE PROJECTED INCREASE IN SERVICES OVER THE NEXT FIVE YEARS WAS ADJUSTED UPWARDS 10 PER CENT, FROM THE FIGURE SET AT THE SEVENTH PARTY CONGRESS, TO 70 PER CENT. DETAILS ARE REPORTED IN SEPTEL.

4. PREMIER JAROSZEWICZ NAMED THREE TASKS FOR 1977: (1) PROVIDING INCREASED GOODS AND SERVICES FOR THE MARKET; (2) INCREASED FOOD PRODUCTION; (3) ACCELERATED HOUSING DEVELOPMENT. HE HAD A MESSAGE FOR PRIVATE FARMERS SIMILAR TO THAT WHICH PYKA DIRECTED TO THE PRIVATE PRODUCER. HE VOICED SPECIAL SUPPORT FOR SPECIALIZED FARMERS WHO INCREASED THEIR LAND HOLDINGS. HE SAID, "WE
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WILL STRENGTHEN THE SENSE OF STABILITY FOR SUCH FARMS." HE REPEATED THE PARTY'S INTENTION TO PROVIDE FAVORABLE CONDITIONS FOR EDUCATED RURAL YOUTH, 72 PER CENT OF WHOM SHOULD OWN THEIR OWN FARMS. PROSPECTIVE CONSUMERS WERE TOLD THAT INVESTMENT IN GREENHOUSES WOULD BE TRIPLED RELATIVE TO THE LAST FIVE YEARS AND THAT MECHANIZATION OF AGRICULTURE AND USE OF FERTILIZER WOULD BE SIGNIFICANTLY INCREASED.

5. JAROSZEWICZ TREATED THE HOUSING QUESTION AS A SEPARATE ISSUE AND REFERRED TO PROGRESS IN VARIOUS SECTORS OF THE BUILDING INDUSTRY. HE PREDICTED THAT AT LEAST 1,575,000 NEW APARTMENTS WOULD BE BUILT DURING THE FIVE-YEAR PLAN, 450,000 MORE THAN IN THE PREVIOUS FIVE YEARS.

6. ALTHOUGH THE SPEECHES CONTAINED GOOD NEWS FOR SPECIFIC GROUPS IN POLISH SOCIETY, THEY CONTAINED BAD NEWS FOR SOCIETY AS A WHOLE. JAROSZEWICZ SAID THAT THE GOVERNMENT WOULD RAISE PRICES, ALTHOUGH NOT "LIGHT-HEARTEDLY". PRICES ON CARS AND SERVICE, CRYSTAL, CARPETS, PAPER PRODUCTS, AND RUBBER SHOES WERE RAISED DURING THE SECOND HALF OF 1976, HE REPORTED. JUGGLING FIGURES ON MEAT PRODUCTION, HE SAID, DOES NOT CHANGE THE FACT THAT PER-CAPITA CONSUMPTION WILL BE SLIGHTLY DOWN NEXT YEAR DESPITE ANNOUNCED IMPORTS OF 55,000 TONS. NOR DOES IT CHANGE THE FACT THAT POLAND SPENT 9-BILLION HARD-CURRENCY ZLOTYS FOR FOOD IMPORTS DURING THE LAST FIVE YEARS. THE PLANNED HOUSING INCREASES WILL BE ACHIEVED ONLY IF THERE IS A 100 PERCENT IMPROVEMENT IN LABOR PRODUCTIVITY. ACCORDING TO THE PLAN, FURTHER FOREIGN BORROWING TO FINANCE INVESTMENT WILL BE POSSIBLE, PROVIDED THAT EXPORTS INCREASE 75 PERCENT WHILE IMPORTS RISE ONLY 25 PERCENT.

7. COMMENT: DESPITE THE NORMAL AMOUNT OF RHETORIC PRAISING THE PZPR AND MORE THAN THE USUAL ECOMIUMS FOR THE SOVIET UNION, THE POLISH LEADERSHIP APPEARS TO HAVE RECOGNIZED ITS JUNE MISTAKES AND TO BE ADDRESSING THEM. PROBLEMS ARE BEING DISCUSSED MORE OPENLY. HOWEVER, THE "OPEN DISCUSSION" HAILED BY GIEREK AND JAROSZEWICZ IS STILL VERY LIMITED, AND THE TASKS PRESENTED REMAIN ENORMOUS. THE LEADERSHIP IN ITS ANNOUNCED PLANS SEEM TO BE BANKING ON INCREASED LABOR PRODUCTIVITY AND OUTPUT QUALITY. WE REMAIN SKEPTICAL WHETHER POPULAR ENTHUSIASM CAN BE EVOKED IN THE MEASURE REQUIRED. IN ANY CASE, WE ARE SLIGHTLY MORE OPTIMISTIC THAN SEVERAL WEEKS AGO ABOUT GIEREK'S
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CHANCES FOR POLITICAL SURVIVAL OVER THE NEAR TERM.
END COMMENT.
DAVIES

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